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Author: Denise H Kaszuba at "PGRSH34P"  
 Date: 7/10/96 4:30 PM  
 Priority: Normal  
 Receipt Requested  
 CC: Steven C Sembler at "PGRSH16P"  
 TO: Timothy D Wert at "PGRSH15P"  
 TO: George A Kessler at "PGRSH11P"  
 CC: Frances E Hamer at "PGRSH36P"  
 CC: John C O'Leary at "PGRSH14P"  
 BCC: Barbara C Goetz at "PGRSH33P"  
 Subject: Re: AWP Calculations

----- Message Contents -----

Tim,

The AWP's published by First Data Bank, Medispan and Redbook are established by any of the 3 methods below:

1. Manufacturer supplies the Average Wholesale Price
2. Manufacturer supplies the Average Wholesale Factor
3. The Data Services through wholesale surveys calculates the AWP factor by the weighted average of all average wholesale factors received from the surveyed wholesalers. The manufacturers responsibility is the supplying the current wholesale list price.

Bristol-Myers Squibb's general policy is Method 3 with one exception. Mid 1992 BMSOI requested an AWP factor change of 25%. First Data Bank and Medispan chose to resurvey the wholesalers and declined the request since our general policy is method 3. Both Medispan and First Data Banks policy is not to mix and match methods within a Manufacturer. Redbook accommodated our request upon receipt of written notification.

In reviewing AWP factors for Bristol-Myers Squibb very little movement has occurred within the past 10 years.

I am forwarding to you via intercompany mail the following items:

Understanding AWP published by First Data Bank.  
 Lotus Spreadsheet containing AWP factors established by the Data Services for BMSOI.

As a follow-up I will contact you Tuesday of next week.

Denise

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 Reply Separator  
 Subject: AWP Calculations  
 Author: Timothy D Wert at "PGRSH15P"  
 Date: 6/24/96 5:36 PM

Denise, would you explain the process and formula whereby AWP's are established by Red Book, Medispan and First Data Bank for drugs in general. The formula used by the pricing sources, how is that derived, e.g.: distributor surveys, overhead factors for drugs, etc. What are the current manufacturer mark-up factor is for BMSOI for the different sources? How often are the revised or recalculated? Thank you for your help. We are attempting to gain a full understanding of this area.

Tim

Defendants' Exhibit

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 FOIA Confidential

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